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Follow-up to the International Conference on Financing for Development: high-level dialogue for the implementation of the outcome of the International Conference on Financing for Development

Letter dated 29 October 2003 from the Permanent Representative of Denmark to the United Nations addressed to the Secretary-General

I have the honour to transmit to you Denmark's first report on Millennium Development Goal 8, "Develop a global partnership for development" (see annex).

I should be grateful if the present letter and its annex could be circulated as a document of the fifty-eighth session of the General Assembly under item 104 (b), "Follow-up to the International Conference on Financing for Development: high-level dialogue for the implementation of the outcome of the International Conference on Financing for Development".

(*Signed*) Ellen Margrethe **Løj**
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Annex to the letter dated 29 October 2003 from the Permanent Representative of Denmark to the United Nations addressed to the Secretary-General

Denmark's first report on Millennium Development Goal 8, "Develop a global partnership for development"

SUMMARY

This report is the Danish Government's first national progress report on Denmark's efforts to fulfil its commitments in relation to the eighth Millennium Development Goal.

As regards the level of development assistance, Denmark continues to rank among the leading countries in the world. In 2002, the percentage of development assistance was 0.96 per cent of GNP. Over the next five years, the Government will maintain development assistance at a level that means that Denmark will continue to be among the front-runners.

The quality of development assistance can be measured in many ways. Danish development assistance is already highly poverty-oriented and is granted primarily to the poorest countries. In 2002, 44 per cent of bilateral assistance was granted to the social sectors. With the publication of "A World of Difference. The Government's Vision for New Priorities for Danish Development Assistance 2004-2008", focus has been placed on the MDG in Danish development policy, and the key areas for achieving the MDG will be strengthened: greater priority to the social sectors, global health and population issues, efforts to combat HIV/AIDS, focus on poverty reduction and conditions for women, and strengthening environmental efforts. In February 2003, Denmark signed the Rome Declaration on harmonising development assistance efforts between donors and now leads the way in the implementation of such harmonisation. Finally, the Government has decided to strengthen effectiveness of development assistance by untying assistance through applying the rules in EU procurement directives regarding the purchase of goods, services and construction projects.

Denmark supports the integration of developing countries in international trade co-operation and works actively to secure developing countries the greatest possible access to the EU market, including the agricultural sector, as well as for a reduction in the trade-distorting internal EU agricultural subsidies. Danish trade-related development assistance is focused on: 1) support for effective participation in international trade talks; 2) support for capacity-building in the trade sector; 3) support for the exploitation of market access opportunities. On top of this, there are specific business sector programmes in three programme countries up to now, and also the Private Sector Programme, which aims at bolstering mutually binding co-operation between Danish and local enterprises in all programme countries.

Denmark has pledged to cancel all official bilateral debt and support further debt relief to countries that have been affected by, for example, natural disasters and similar events.

Denmark works to ensure that the rapid developments in information and communication technology benefit poor countries. This takes place, among other things, through guidelines for integrating this technology in development assistance and through efforts to support the World Summit on the Information Society in December 2003 resulting in a concrete action plan.

Denmark is in full favour of accommodating the needs of developing countries to safeguard public health interests through the widest possible access to lifesaving copycat drugs, whilst bearing in mind the need for developing new drugs.

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As regards the level and quality of development assistance, this picture is confirmed also by the evaluations performed by the OECD Development Assistance Committee (DAC) of Danish development assistance, and also in a recent study that Foreign Policy has carried out together with the Center for Global Development. In this study the efforts of donor countries concerning development assistance, trade, migration, investments, peacekeeping operations and the environment have been examined as a whole, and Denmark is ranked number two in the world, surpassed only by the Netherlands.

The Government is determined that Denmark should continue to be in the leading group. The MDG provide the opportunity to monitor that efforts are being made in the proper places and that the goals that we have set for ourselves are being achieved. This monitoring process will be transparent for all.

Therefore, in the coming years the Danish Government will present regular reports to the Danish public and its partners both North and South. The reports will encompass Danish initiatives and subsequent results in all important areas covered by the international commitments relating to Goal 8. Systematic monitoring of progress together with the publishing of information about the consequences is a major prerequisite for constantly being able to improve the instruments. In addition, monitoring and reporting are important for encouraging other countries to follow suit.

In 2005, UN Member States will conduct an overall five-year review of the progress achieved in relation to the MDG. In this connection, it is the Danish Government's intention to seek to influence other industrialised countries to also compile national reports on the fulfilment of the commitments each country has undertaken under Goal 8.

BACKGROUND

At the UN General Assembly in 2000, the Heads of State and Government adopted the "Millennium Declaration". The declaration confirms the agreement of the international community on fundamental principles for peace, freedom, democracy, security, disarmament and development. The Secretary General's road map for implementing the declaration sets out inter alia eight goals within the field of development – the Millennium Development Goals (MDG) – which Denmark supports through bilateral development co-operation and multilateral efforts.

The MDG are very ambitious, yet they can be achieved before 2015 if all parties make a contribution. The eight specific goals are:

1. to reduce poverty by half
2. to provide universal primary education
3. to ensure women equal rights and opportunities
4. to reduce infant mortality by two-thirds
5. to reduce maternity mortality by two-thirds
6. to halt the spread of HIV/AIDS and other contagious diseases
7. to ensure environmental sustainability
8. to establish a global partnership for development

The realisation of the goals is a joint responsibility which UN Member States have pledged to undertake. With respect to Africa in particular, quite an exceptional effort is required if the goals are to be achieved. The Danish Government already pursues the goals within the field of development co-operation, both bilaterally and multilaterally.

The MDG do not constitute a development assistance strategy per se, but rather a measurement tool which is immediately comprehensible and which the international community can agree to utilise for assessing and adjusting the effectiveness of the many detailed development strategies. This offers unprecedented opportunities for promoting broad international and popular understanding of development issues.

The primary responsibility for achieving the first seven of the eight MDG lies with the governments of developing countries. Bolstered by extensive financial and technical assistance from the more affluent parts of the world, these governments have pledged to incorporate the fulfilment of the MDG as a guiding element in their respective national poverty reduction strategies.

Goal 8: Establishing a Global Partnership

Where Goals 1-7 primarily place obligations on developing countries, Goal 8 implies first and foremost that the industrialised countries[1] have an obligation to establish a global partnership for development. In the present situation, there is a particular need for action in the following areas:

- ***The industrialised countries are obliged to increase governmental development assistance and to improve its quality, inter alia through untying assistance and donor harmonisation***
- ***The industrialised countries must further develop an open trading and financial system, inter alia through removing all obstacles to free market access of goods produced in developing countries***
- ***The industrialised countries must ensure that developing countries are granted debt relief***
- ***The industrialised countries must ensure developing countries access to modern technology, especially information technology***
- ***The industrialised countries must ensure developing countries access to pharmaceuticals***

In the same way that national reports are compiled for all developing countries on the progress made towards implementing the first seven MDG, in line with the other Nordic countries Denmark has decided to compile national reports describing the progress made concerning the commitments relating to Goal 8.

- ***The industrialised countries are obliged to increase governmental development assistance and to improve its quality, inter alia through untying assistance and donor harmonisation***

Poverty reduction is the key goal of Danish development assistance, and Denmark will also continue to assume its share of the responsibility for the millions of poor people living in the world. With focused and effective action in a number of key areas, Denmark makes, in relative terms, a very substantial contribution to the fulfilment of the MDG.

Volume

Denmark continues to be among the leaders in world when it comes to the level of development assistance. Since 1978 Danish development assistance has been well above the UN target of 0.7 per cent of GNP. In 2002, this figure for Denmark was

[1] Goal 8 also involves commitments for developing countries, among other things, to introduce good governance and take responsibility for their own development. These commitments are not dealt with in this report.

0.96 per cent. Over the next five years the Government will maintain development assistance at a level that means that Denmark will continue to be in the leading group and which at the same time will ensure a stable political and economic framework for long-term and sustainable development efforts.

At the meeting of the European Council in Barcelona in 2002 the EU Member States decided to take a concrete step towards complying with the UN goal of granting development assistance at the level of 0.7 per cent of GNP as soon as possible. In this connection, the EU Member States agreed that the Member States that as yet had not fulfilled the minimum target of 0.7 per cent of GNP for development assistance would increase their assistance to at least 0.33 per cent by 2006, with a view to achieving a collective EU average of 0.39 per cent by 2006. In 2002, during the Danish EU Presidency, the Council called on the Commission to monitor compliance with such commitments.

Quality

The primary challenge facing Denmark with regard to Goal 8 within the field of development assistance is therefore to ensure that both Danish development assistance and the combined international efforts contribute as effectively and competently as possible to reducing world poverty.

Danish development assistance is already highly poverty-oriented. Approximately 50 per cent of overall Danish assistance is channelled to the least developed countries - a greater share than contributions from any other donor country. The emphasis on poverty orientation in Danish development assistance makes it natural to focus a large and increasing share of bilateral assistance on Africa, the poorest continent with an increasing proportion of the world's poor (approx. 60 per cent in 2002).

Danish bilateral development assistance is concentrated on a few countries and is primarily given to 15 programme countries that are among the poorest countries in the world. These countries have been chosen partly on the basis of a study of the needs and development opportunities of individual countries. Denmark attaches great importance to the developing country itself pursuing an effective, poverty-oriented policy with respect for democracy and human rights.

With a view to ensuring more effective and sustainable development assistance, the assistance given to programme countries primarily takes the form of sector programme assistance, where great emphasis is placed on building up national capacity. In 2002, 44 per cent of bilateral assistance was granted to social sectors, and this share is expected to increase in the coming years.

The publication of "A World of Difference. The Danish Government's Vision for New Priorities for Danish Development Assistance 2004-2008" has placed focus on the MDG in Danish development policy. With the proposed refocusing of Danish development assistance, efforts will be enhanced in areas of Danish development co-operation that are vital for achieving the MDG. This applies not least to:

- Upgrading of bilateral efforts within the social sectors (water and sanitation, education and health) and focusing of multilateral efforts within the UN system to support efforts related to global health and population issues, thus contributing to fulfilling Goal 2 (ensuring universal primary education for every child), Goal 4 (reducing infant mortality), and Goal 5 (reducing the maternity mortality rate)
- Efforts to combat HIV/AIDS, which relates directly to Goal 6 (combating HIV/AIDS, malaria and other diseases)
- General focusing of assistance on effective action to reduce poverty, which contributes to fulfilling Goal 1 (eradication of extreme poverty and hunger)
- Focusing of development co-operation on women in the development process, which contributes to fulfilling Goal 3 (promotion of equal rights between the genders)
- Strengthening environmental efforts, which relates to Goal 7 (ensuring environmental sustainability)
- A large number of the Government's other priorities, including the strong focus on co-operation with the private sector, trade and development, as well as harmonisation and untying of official development assistance, contributing to fulfilling Goal 8 (establishing a global partnership for development)

Within the field of multilateral development co-operation as well, Denmark focuses on effectiveness and poverty reduction. The concentration of Danish support on a limited number of multilateral organisations ensures Denmark influence in the dialogue concerning international development assistance policy and its implementation. At the same time, focusing on multilate al assistance means that significantly less priority is given to co-operation with a number of organisations and programmes that, inter alia, do not have sufficient impact at country level, such as ILO, UNESCO and UNIDO.

Furthermore, Danish multilateral efforts must contribute to supporting the genuine inclusion of developing countries in international political and economic co-operation. At the centre of these efforts is the work to ensure effective co-operation between the international organisations in the development of national poverty reduction strategies. This applies, for example, to the "National Poverty Reduction Strategy Papers" (PRSPs) for the least developed countries. Denmark also emphasises the necessity of broad popular participation in this process in developing countries.

Harmonisation

An important aspect of the quality and effectiveness of development assistance is the manner in and the conditions under which assistance is provided. In February 2003, Denmark signed the Rome Declaration on Harmonisation. The Rome Declaration commits donor countries to respect the development priorities of recipient countries and to harmonise efforts with other donors' assistance on the basis of the recipient countries' own procedures. The intention is to reduce the administrative burden imposed on the recipient countries and to promote their ownership of the development process.

Harmonising donor assistance is fully in line with Danish development policy and is a natural extension of the strong Danish focus on sector programmes during the last ten years. In order to promote more flexible and effective co-operation at country level, steps have been taken towards extensive decentralisation of the administration of Danish assistance to the Danish Embassies and offices in the programme countries. In addition, all guidelines for bilateral assistance co-operation have been revised, partly in order to adjust as far as possible to the international developments concerning harmonisation. Denmark has taken the initiative to call for the formulation of a joint action plan for harmonisation together with a number of like-minded donors.

Danish development assistance to the programme countries is in the process of being adjusted. Increasingly, programmes and projects are focusing directly on the political priorities and goals for poverty reduction that have been laid down in the national poverty reduction strategies. In this way, Danish efforts contribute to the overall fulfilment of the goals set out in each country's poverty reduction strategy (PRSP), together with the country's own efforts as well as the efforts of other bilateral and multilateral donors. The national poverty reduction strategies form the point of departure for Denmark's ability to most effectively contribute to the fulfilment of the MDG.

On the basis of long-standing co-operation with Zambia, in 2003 Denmark, together with Norway, Sweden, Finland, the Netherlands, the United Kingdom and Ireland, took the initiative to harmonise development assistance to the country. The intention is to make Zambia a pilot country for how international agreements on development assistance harmonisation can be implemented.

In March 2003, a framework agreement for development assistance harmonisation was signed between the Zambian Government and the seven donors participating. The agreement outlines a number of activities that the Zambian Government and the donors, respectively, are to carry out by certain deadlines. The Zambian Government commits, among other things, to implementing necessary reforms aimed at improving governmental financial management and at making the budget process transparent. For their part, the donors will simultaneously streamline their support to Zambia by not establishing separate structures in the Zambian administration for the purpose of administering development assistance co-operation. In addition, with

regard to the individual donor's contribution, the donors must ensure a higher degree of clarity and predictability than is the case today. The agreement implies the possibility of future participation of other donors (both bilateral and multilateral).

Denmark assigns considerable importance to the harmonisation initiatives. Since the agreement was entered, Zambia has assumed the required ownership of the process and shown great commitment. The initiative is ambitious and the process will take time, but the harmonisation of development assistance is the only way forward.

Untying Official Development Assistance

Denmark believes that development assistance must be as effective as possible. Therefore, in principle, it should also not be tied to conditions concerning the procurement of goods and services in the donor countries. As a definite step towards untying development assistance, Denmark has therefore announced that the rules contained in EU procurement directives from 1 January 2004 will be applied when goods, services and construction projects are purchased in Denmark for development assistance purposes. During the OECD/DAC review of Danish development assistance in May 2003, representatives of the other donor countries welcomed this step. Efforts continue in the OECD/DAC and under the auspices of the EU to untie donor country assistance. These efforts are supported by Denmark.

- ***The industrialised countries must further develop an open trading and financial system, inter alia through removing all obstacles to free market access of goods produced in developing countries***

Since the end of the Second World War, international trade co-operation has removed many of the barriers that previously restricted international commodity trade. However, considerable trade barriers still exist in the form of tariffs, quotas and technical barriers. These barriers often hit the poorest countries particularly hard because these countries are dependent on a few raw materials and agricultural products. At the same time, the world market prices for these commodities are for the most part on a strong downward curve compared with other products. The price level of agricultural products is influenced not least by the production subsidies granted to agriculture in many industrialised countries. This erodes the ability of the least developed countries to use their comparative advantages in international trade as a growth generator.

For a number of years Denmark has granted development assistance through multilateral organisations with the goal of strengthening the integration of developing countries in international trade co-operation. At the same time, within both the WTO and the EU, Denmark has been one of the strongest advocates of specific concessions and measures vis-à-vis developing countries.

The Danish Government has chosen to reinforce these efforts by adopting a strategy for a co-ordinated effort for trade and development. The strategy is designed to

ensure that trade policy and development policy are mutually reinforcing and promote sustainable global development. The strategy sets out clear goals and guidelines for Danish trade policy and trade-related development assistance.

Market Access

Denmark works actively to secure developing countries the greatest possible access to the EU market.

Already in February 2001, Denmark was among the strongest advocates for adopting the EU's "Everything but Arms" initiative. This initiative provides all of the least developed countries with tariff- and quota-free market access to the EU for all products with the exception of weapons and ammunition. However, phasing-out schemes apply to especially sensitive products, namely rice, sugar and bananas. Denmark wishes this phasing-out process to be speeded up as much as possible, and together with the EU is urging the other industrialised countries to follow the EU's example.

At the end of 2001, the EU's General System of Preferences (GSP) scheme was revised, whereby tariffs were lowered for virtually all developing countries. In this respect, Denmark worked actively to ensure that the trade preferences were as large as possible and that no recipient country experienced a deterioration of its access. Denmark will maintain this position when the GSP scheme is revised once again at the end of 2004.

The Government's strategy for trade and development contains an account of Denmark's liberal and development-friendly trade policy, including in particular the goals that the Government is striving hard to achieve in connection with the Doha Round under the WTO. The strategy presents a detailed account of the action Denmark is taking for the developing countries obtaining greater market access across a broad front.

The strategy also indicates that Denmark works actively to enhance the opportunities for trade between the developing countries themselves. The so-called "South-South" trade is severely burdened by high tariffs, and a reduction of these barriers would very much benefit the economies of developing countries.

Abolition of Agricultural Subsidies

Agriculture is one of the most important areas for developing countries. Many developing countries would be far better able to exploit their comparative advantages in global trade if the trade barriers of the rich countries were significantly lowered. Besides traditional market barriers such as tariffs and quotas, most of the rich countries employ internal subsidy schemes to protect their own agricultural production. These measures, which are often defended on the grounds of non-trade-related considerations (e.g. the need for a certain degree of self-

sufficiency and to maintain the standard of living in rural areas), play a major role in distorting trade and promoting inefficient use of resources. This has huge drawbacks especially for developing countries in particular, who are unable to compete with the high levels of subsidy in the rich countries.

Denmark works actively to remove or reduce the barriers to market access, so that the poorest countries are ensured the biggest tariff reduction throughout the world.

In addition, there is work in progress to reduce the EU's internal agricultural subsidies, in particular the most trade-distorting subsidies, and to phase out all forms of export subsidies. At the same time, Denmark works to ensure opportunities for the least developed countries to be in a position to protect their agricultural sectors over a short term as part of poverty reduction efforts and the major development strategies.

Within the EU these endeavours are centred around the joint participation of Member States in the WTO talks on liberalising agricultural trade. The agreement on the "Midterm Review" of the EU Common Agricultural Policy, which was entered at the meeting of the EU Council of Agriculture Ministers in June, established a good foundation for the continued negotiations for reducing the trade-distorting internal EU subsidies. The EU has thereby taken a lead that increases the pressure on the other WTO members to make similar concessions.

Trade-related Development Assistance

Improved market access is, however, not enough on its own. In order for developing countries to be able to derive benefit from the international system and to use trade as a means of reducing poverty, a number of factors must be in place. Developing countries must have sufficient capacity to implement the trade agreements, inter alia in relation to national legislation and administration. In addition, it is quite crucial that quality control, marketing, storage facilities and economic infrastructure are in place for products to reach both the local and international market. Finally, there is a need to identify and widen the export potential of developing countries if their vulnerability to fluctuations in prices and demand is to be reduced.

Danish trade-related development assistance seeks to address these needs and focuses on three areas: 1) support for effective participation in international trade negotiations; 2) support for capacity-building with a view to implementing trade agreements that have been entered; 3) support for exploiting present and future market access opportunities.

Within bilateral assistance and in co-operation with the local partners, Denmark has initiated business sector programmes in three Danish programme countries: Ghana, Tanzania and Vietnam. These sector programmes, which amount to more than DKK 500 million for the 2003-2008 period, are designed to build up the economic

infrastructure and create the foundation for, in particular, economic growth in the countries in question. Lessons learned from here will be utilised in the other programme countries.

In addition, the so-called Private Sector Programme contributes to promoting commercial development in programme countries by supporting binding co-operation between Danish and local enterprises.

- ***The industrialised countries must ensure that developing countries are granted debt relief***

Denmark was among the first countries to forcefully argue that the solution to the debt problems of poor countries could be not found by simply using market mechanisms and debt rescheduling. What was needed was debt cancellation and increased allocation of resources on favourable terms.

For Denmark it has been crucial that multilateral mechanisms came to play a key role in the rescheduling of debt. Only in this way can it also be ensured that the major creditor countries participate in the debt rescheduling process, and that the burden for the creditors is thereby reasonably distributed.

With the launch of the Heavily Indebted Poor Countries (HIPC) Initiative in 1996 and an improved version of the HIPC in 1999, the World Bank and the IMF, in co-operation with the other creditors, created an overall framework that allows up to 42 of the world's poor and highly-indebted countries to have their overall foreign debt reduced to a manageable level.

To date twenty-six of these countries have been granted extensive debt relief. Under the HIPC Initiative, on average around 99 per cent of publicly guaranteed debt is cancelled. However, a number of countries have pledged 100 per cent debt relief. These include Denmark, which has cancelled 100 per cent of all official bilateral debt accumulated before 27 September 1999 (the date for the World Bank's adoption of the HIPC Initiative).

Within the framework of the HIPC initiative, Denmark supports the view that there may be a need for further debt relief for countries that have been exposed to "external events" that undermine the conditions for debt repayment. This is a matter of a prolonged fall in the prices of the particular country's most important export products, drought problems or natural disasters, etc. In contrast, conditions on which the country itself has a decisive influence, for example an inadequate economic policy, internal conflicts, etc., are not in themselves sufficient to warrant additional debt relief.

While debt reduction should continue to be reserved for the poorest heavily-indebted countries, Denmark believes that there should be greater awareness of the individual country's needs for financing in order to avoid the countries that have benefited from the HIPC process initiative once more ending up in a debt trap. In this connection, the recently adopted grant aid through the World Bank can come to play an important role. At the same time, more attention should be paid to the capacity of developing countries to manage their own debts. Denmark will therefore work to ensure that the World Bank and the IMF in particular provide technical assistance towards debt management becoming an integral element in the formulation of macroeconomic policy.

- ***The industrialised countries must ensure developing countries access to modern technology, especially information technology***

For several years, the prevailing view has been that information technology can only benefit a small elite in the developing world. However, in the society of the future, we will witness a sharper division between those with access to information and those without. For this reason poverty-oriented development assistance must also seriously address the issue of information and communication technology.

Already in 2001, the UNDP's *Human Development Report* emphasised that it was necessary to get the new technologies to work for human development. The report made it clear that information and communication technology can help build bridges between the poor and the rich, but only if effort is made to ensure that the technology is not solely used for the benefit of the rich part of the world.

Information and communication technology as a tool in Danish development assistance

Denmark works to ensure that the rapid developments within information and communication technology benefit poor countries. However, this must not be a goal in itself but a tool for reducing poverty, where technology can contribute to the efforts to achieve the MDG. Developing countries must be ensured opportunities to gain access to relevant information and communication technology in the implementation of their national development plans. Particular emphasis must be placed on ensuring women the possibility to exploit the opportunities presented by the new technologies for increased income, information and access to health and education.

Before the end of 2003, Denmark will have developed guidelines for how information and communication technology can be integrated into development assistance, for example within the fields of education (eLearning), democracy and humans rights as well as within the private sector.

World Summit on the Information Society

The World Summit on the Information Society (WSIS) has been convened by the UN and is due to take place in Geneva in December 2003, with the follow-up in Tunis in 2005.

Denmark is participating actively together with the other EU Member States in the preparations for the WSIS and is working towards the Summit resulting in a specific and brief declaration on a vision and principles for the development of the global information society as well as concrete action for implementing these principles. In addition, emphasis is placed on ensuring that the application of information and communication technology in the development process is integrated in national development plans.

Denmark finds it important that the utilisation of information and communication technology contributes to promoting respect for human rights, democratisation and good governance, inter alia by ensuring access to information and to the Internet.

For the WSIS to have an impact at the global level, the private sector and representatives of civil society will need to be involved in both the WSIS and in the follow-up work. This is an aspect to which Denmark pays close attention in its preparations for the summit.

- ***The industrialised countries must ensure developing countries access to pharmaceuticals***

Leading up to the Doha Ministerial Conference, a number of developing countries had expressed concern about the WTO trade-related intellectual property rights (TRIPS) agreement. The agreement was criticised for preventing developing countries from benefiting from scientific advances within the area of health. In the Doha Declaration, it was stipulated that by the end of 2002 principles should have been formulated for how to grant compulsory licences permitting the export of cheap, life-saving copycat drugs from developing countries to other developing countries that do not have their own production of pharmaceuticals. This would enable the countries concerned to avoid paying the original drug patent holder. These negotiations, however, broke down in December 2002.

The point of divergence is between developing countries that wish the widest possible framework for future granting of compulsory licences for copycat drugs and industrialised countries that wish to restrict drugs that are covered by a new scheme, as well as ensuring that the drugs are not sold on to the markets of industrialised countries. For the industrialised countries, the rationale is that the drugs should be used by the poor populations whom the copied drugs have been intended to help, while the risk of re-export of cheap drugs from developing

countries to the markets of industrialised countries should be reduced. Finally, it must be ensured that pharmaceutical companies maintain their motivation to develop new drugs.

As an interim solution, a moratorium has been proposed in terms of which a WTO member will uncontested be able to export drugs that have been produced under compulsory licence to combat three very serious diseases: namely HIV/AIDS, malaria and tuberculosis. The EU has, however, adopted a more compromising stance that also includes drugs designed for use against other diseases.

Denmark fully supports a solution that as far as possible addresses the needs of developing countries to safeguard public health interests. However, consideration should also be given to the need to develop new drugs.